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FISCAL IMPACT STATEMENT

LS 7130 **NOTE PREPARED:** Feb 27, 2014
BILL NUMBER: HB 1351 **BILL AMENDED:** Feb 20, 2014

SUBJECT: Welfare Matters; Drug Testing.

FIRST AUTHOR: Rep. McMillin **BILL STATUS:** CR Adopted - 2nd House
FIRST SPONSOR: Sen. M. Young

FUNDS AFFECTED: X GENERAL **IMPACT:** State & Local
DEDICATED
X FEDERAL

Summary of Legislation: (Amended) This bill has the following provisions:

(1) Requires the Division of Family Resources (DFR) to establish a statewide program that prohibits Temporary Assistance for Needy Families (TANF) assistance from being used for any food, food product, or beverage that is not permitted to be purchased under the federal Supplemental Nutrition Assistance Program (SNAP).
(2) Requires the Office of the Secretary of Family and Social Services Administration (FSSA) to administer a drug-testing program for individuals who have been convicted of a controlled substance offense and are applying for or receiving TANF assistance or receiving TANF assistance on behalf of a child.
(3) Establishes requirements for the program and ineligibility penalties.
(4) Prohibits an individual who is ineligible to receive TANF assistance under the program from receiving assistance on behalf of a child and provides for an exception.
(5) Requires the FSSA to collect data to assess and avoid discrimination in the program.
(6) Requires the FSSA to provide information to the Indiana Housing and Community Development Authority (IHCDA) and any division of the FSSA that implements the federal SNAP program concerning an individual who tests positive for controlled substances.
(7) Requires the Department of Workforce Development (DWD) to submit a report to the Legislative Council and the Unemployment Insurance Oversight Committee concerning certain unemployment topics.

Effective Date: Upon passage; July 1, 2014.

Explanation of State Expenditures: (Revised) *Summary*: Because individuals with a felony drug conviction in the previous 10 years are already ineligible for TANF benefits, this bill will require drug testing for TANF recipients who have misdemeanor drug convictions within the previous ten years. The FSSA reports it will ask TANF applicants to self-report misdemeanor drug convictions during the application process. The number of applicants who will self-report misdemeanor drug convictions is indeterminable.

Depending on the outcome of drug tests administered to these individuals, state expenditures for (1) negative initial drug tests could increase and (2) TANF benefits and administration and Indiana Manpower Placement and Comprehensive Training (IMPACT) could decrease. Because the potential number of individuals impacted by this bill is unknown, the net impact of this bill on state expenditures is indeterminable.

(Revised) *Additional Information*:

TANF assistance is shared between state and federal governments. However, the federal share is provided through a capped block grant allocation with a maintenance-of-effort (MOE) requirement. Program administrative costs in excess of the capped allocation are financed by the state. The state contributes roughly 1/3 of the benefits in the TANF program. Eligible individuals would receive a monthly TANF benefit amount of either $90 or $58.50, depending on family size.

Currently, an individual with a felony drug conviction in the previous 10 years is ineligible for TANF benefits, but an individual with a misdemeanor drug conviction has no restriction on TANF eligibility. This bill makes no changes to TANF ineligibility for individuals with felony drug convictions. The bill will require drug testing for individuals that otherwise qualify for TANF who have misdemeanor drug convictions.

The FSSA currently requires TANF applicants to self-report if they have a felony drug conviction that would disqualify them from TANF eligibility. An average of 2,250 TANF case closures and denials for individuals with felony drug convictions occurred between FY 2010 and FY 2012. The number of current TANF recipients with misdemeanor drug convictions is unknown.

(Revised) *IMPACT Program Costs*: If the number of individuals receiving TANF benefits decreases, IMPACT program participation could decrease. IMPACT program expenditures are shared evenly with the federal government, so decreases in state expenditures would be partially offset with federal fund savings.

(Revised) *TANF Purchases*: The FSSA reports requiring TANF benefits to be used for foods that are available for purchase under the Supplemental Nutrition Assistance Program (SNAP) is expected to have no fiscal impact on the state and would be enforced by local retail establishments.

(Revised) *Reporting Requirements*: The reporting requirements for the DWD and the IHCDA are expected to be accomplished with existing staff and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA, IHCDA, DWD.

Local Agencies Affected:

Information Sources: Grant Krevda, FSSA.

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